



CONSTRUCTION LOAN PACKAGE

This package contains supplemental forms and instructions if you are planning to build a new home using CalVet financing. The contents of this package are unnecessary if you are planning on purchasing an existing home. In addition to this package, you will need to download the [CalVet Home Loans Application Forms](#) and the [CalVet Home Loans Application Instructions](#).

Before you begin:

Choose the home site you wish to purchase and arrange a purchase agreement. Carefully read the material on the CalVet Home Loan Program on our web site. If you have questions, feel free to contact the nearest CalVet District Office. A list of District Offices and the areas they cover is available on our web site at www.cdva.ca.gov/calvet/offices.asp.

Optional, but highly recommended: Download and fill out our [Prequalification Form](#), a FREE service of CalVet. This information will allow us to estimate whether you meet the eligibility qualifications for a loan. Send the completed form to the CalVet District Office for the area where you plan to build your home.

Please read all of the forms and instructions before submitting your application.

Contents of this package:

- ✿ Form A-1T-CL: Cal-Vet Construction Loan Application Instruction Sheet

These instructions explain how to submit the application forms in this package, and what other information you will need to send to Cal-Vet. This form replaces the Form A-1T in the CalVet Loans Forms package.

- ✿ Form CL-1: Construction Loan Information Sheet

This document explains the features of a CalVet Construction Loan. You should read this carefully before submitting an application.

☼ **Form CL-2: Contractor's Statement**

This form should be completed by the contractor you have chosen to build your home. If you do not have a contractor, this form may be submitted later.

☼ **Form CL-3: Contractor's Cost Estimate**

This form provides a cost estimate for the home you wish to build and should be completed by the contractor you have selected for the project. Similar forms used by your contractor are acceptable as long as they provide complete cost information and are signed by the contractor and dated. If you have not yet selected a contractor this form can be submitted later.

☼ **Form CL-4: Construction Loan Description of Materials**

This form specifies the materials to be used for the home you wish to build and should be completed by the contractor you have selected for the project. Similar forms used by your contractor are acceptable as long as they provide complete materials specifications and are signed by the contractor and dated. If you have not yet selected a contractor this form can be submitted later.

☼ **Form L-8-CL: Special Notice Regarding your Cal-Vet Home Loan Application**

This notice explains Internal Revenue Service limitations placed on funds used for Cal-Vet loans for refinancing a home loan. It also contains the notice required by the California Information Practices Act of 1977 concerning how Cal-Vet may use the information that you supply to us. This notice should be read before you apply for a Cal-Vet Home Loan. This form replaces the Form L-8 in the CalVet Loans Forms package.

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS
Division of Farm and Home Purchases

CAL-VET CONSTRUCTION LOAN APPLICATION INSTRUCTION SHEET

Thank you for your interest in the Cal-Vet Construction Loan Program. These instructions have been prepared to assist you in completing your application for a Cal-Vet construction loan. The staff in the district office to which you submit your construction loan application will be pleased to assist you in any way possible. Please call them if you have questions.

WHEN YOU HAVE COMPLIED WITH ALL OF THE FOLLOWING ("FULL COMPLIANCE"), WE CAN BEGIN PROCESSING YOUR CAL-VET CONSTRUCTION LOAN REQUEST:

- ____ 1. Answer all questions on the **LOAN APPLICATION (form URLA-1003)** completely. If any questions are not applicable, please mark them with "N/A". NOTE: APPLICATION MUST BE COMPLETED IN INK OR TYPED.
- ____ 2. A. If self-employed, submit a current audited profit and loss statement and copies of your federal income tax returns for the past two years. (The 1040 and Schedule C portions specifically.)
B. Submit verification of other types of income; for example: A current copy of your Award Letter for retirement, federal Department of Veterans Affairs (formerly the Veterans Administration) compensation or Social Security, or current verification of alimony, child support, interest, and dividends.
- ____ 3. A. Submit two legible copies of a **PRELIMINARY REPORT OF TITLE** not more than three months old, with a plat map covering the property you are submitting as a building site. The plat map must be sufficient to identify the property as set forth in the legal description contained in the report. The report must assure that the property described has insured legal access to and from a public road or street. Please contact your title company for assistance. Please note that the Title Company will be required to issue a 101 priority endorsement at close of escrow and a 101.1 mechanics' lien endorsement upon construction completion.
B. If your building site is outside a recognized subdivision, please attach a map or sketch giving directions to the site. Roads and distances to the property from the nearest major crossroad or intersection must be included.
- ____ 4. Submit an original or legible copy of all your military documents showing when you entered were released from active military service, including **NOTICE OF SEPARATION FROM ARMED FORCES, form "DD214"**. Original documents will be returned to you after copies have been made.
- ____ 7. A. If you currently own the building site, submit a copy of the Grant Deed evidencing ownership.
B. If Cal-Vet loan funds will be used to purchase the building site, submit copies of the **SALES AGREEMENT/DEPOSIT RECEIPT** covering the proposed transaction, executed by all parties, together with any amendments, exhibits, counter offer or side agreements. For Manufactured Housing submit a copy of the Purchase Order for the unit you have selected.

NOTE: WE SUGGEST THAT ANY DEPOSIT YOU MAKE BE SUBJECT TO APPROVAL OF FINANCING.

- ____ 8. IF THE PROPOSED CONSTRUCTION IS A CUSTOM HOME submit copies of the **DESCRIPTION OF MATERIALS (Form CL-4 or equivalent)**, a **CONSTRUCTION CONTRACT** signed by veteran and contractor (it is recommended that your contract be made subject to obtaining adequate financing), **CONTRACTOR'S COST ESTIMATE (Form CL-3 or equivalent)**, and one complete sets of **PLANS**, signed and dated by the veteran and the contractor. A complete set of plans will include:
 - Plot plan showing proposed front, back, and side yard setbacks, and the location of the well and/or septic system if applicable.
 - Floor plan.
 - Foundation plan.
 - Framing section.
 - Front, side, and rear elevations.
 - Kitchen and bathroom cabinet detail.
 - Other detail (such as fireplace, etc.), if applicable

IF THE PROPOSED CONSTRUCTION IS IN A DEVELOPMENT/SUBDIVISION WHERE A MODEL IS AVAILABLE FOR VIEWING, PLANS MAY NOT BE REQUIRED.

- ____ 9. Your contractor will be required to complete, sign the attached Contractor's Statement (Form CL-2), and return it to the district office.

LOAN PROCESSING WILL NOT BE DELAYED FOR RECEIPT OF THE FOLLOWING REQUIREMENTS; HOWEVER, THEY MUST BE RECEIVED BEFORE YOUR REQUEST FOR FINANCING CAN BE COMPLETED.

- ____ 10. Sign and return one copy of the **FAIR LENDING NOTICE** (form L-9). Please retain one copy for your records.
- ____ 11. Submit a copy of the most recent **PROPERTY TAX BILL** showing the parcel number(s) and Tax Rate Area for your building site.

YOU MAY BE REQUESTED TO FURNISH THE FOLLOWING DOCUMENTS:

- A. **DESIGNATION OF AGENT AND GENERAL RELEASE (form A-3).** This form is required if you wish to have an agent act on your behalf during processing of your Cal-Vet construction loan.
- B. If your loan will be funded using Qualified Mortgage Bond (Revenue Bond) funds the following additional items will be required:
- **FEDERAL INCOME TAX RETURNS** for the past three years
 - **PURCHASER'S AFFIDAVIT (form AP-2).**
 - **SELLER'S AFFIDAVIT (form AP-3)**
- See Sources of Funds for Cal-Vet Loans [L-10], which is included in the application package for additional information.
- C. **SECONDARY FINANCING DOCUMENTS.** If the maximum Cal-Vet loan is not adequate to purchase the property and construct the home secondary financing may be approved. The combined Cal-Vet and secondary financing must not exceed 97% of the appraised value of the property. If secondary financing is used, you will be required to copies of the signed Deed of Trust, a certified copy of the signed Note, and Subordination Agreement (Cal-Vet form) signed by the secondary lender.
4. **MANUFACTURED HOUSING.** If you are purchasing this type of property, you will be required to place the home on a permanent foundation. The department will require a copy of the **recorded HCD form 513** as evidence this requirement has been completed.

APPEALS: Veterans applying for benefits, who are dissatisfied with actions taken by Cal-Vet employees, should contact the Office of the Division Chief, Division of Farm and Home Purchases, P. O. Box 942895, Sacramento, CA 94295-0001, with complete details. If the problem is not resolved satisfactorily at this level, the matter may be appealed to the California Veterans Board at the same address. Information regarding the appeal procedure is available upon request.

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS

Division of Farm and Home Purchases

CONSTRUCTION LOAN INFORMATION SHEET

1. Loan funds may only be used to construct detached, single family residences (no townhouses or condominiums) and to install manufactured housing (constructed off site) on land owned or to be owned by the veteran. Mobile homes in rental parks do not qualify. The following are qualifying improvements: Dwelling; garage (attached or detached); pump house; on-site well/water systems; on-site sewer/septic systems; flatwork (walks, driveway); porches/patios; barns; workshops; pools; spas; retaining walls; fencing suitable for the residence and appurtenant structures; landscaping; any other permanent improvements necessary for health, safety, energy efficiency or dwelling integrity. Improvements which are not acceptable include: Personal property, including unaffixed or removable interior or exterior window coverings. **The department will determine acceptability or unacceptability of improvements.**
2. Cal-Vet may advance funds for purchase of the land as well as for construction of the dwelling and improvements. Qualifying sites include undeveloped sites/acreage, lots in subdivision developments, and lots in non-profit, "self-help" developments. Legal title to the property must be transferred to the department. Cal-Vet may also acquire an assignment of an Indian veteran's leasehold or beneficial interest in trust land for the purpose of entering into a contract with the Indian veteran for the construction of a home or installation of a manufactured home on the trust land.
3. If an applicant acquires fee title to the land upon which the home will be constructed prior to applying, ownership of the land must be conveyed to the department free and clear of all unacceptable liens and encumbrances and without any cost to the department prior to issuing Cal-Vet's Construction Loan Contract to the veteran. If the land is to remain encumbered, the beneficiary must subordinate their interest to the department, and the sum of the Cal-Vet loan plus other financing must not exceed 97% of the value of the land and proposed improvements.
4. Except for funds issued for the initial purchase of the land, in most cases no more than (5) progress payments will be made on the loan commitment. The department will authorize and direct disbursement of the progress payments as appropriate.
5. The structure must comply with the department's standards, based on FHA minimum property standards, the requirements of the Uniform Building code and/or the requirements of the local city or county building inspection department, whichever is more stringent.
6. The dwelling and other qualifying improvements must be constructed by a general building contractor who is bondable and licensed by the State of California. Owner builders must also have a California Class B General Building Contractor license.
7. Construction is to be completed within 270 days following issuance of an Authorization to Commence Construction form. Extensions of this time period may be granted only upon approval of the district manager.
8. Loan payments will commence after first disbursal of funds. During the construction stages, payments will include interest, insurance and taxes only. After completion, amortized payments will be collected.
9. The department's master fire and hazard insurance policy will serve as course-of-construction hazard insurance during construction. In order to maintain low rates available under a group policy, some efforts to protect construction materials on site must be made. It will be required that materials be enclosed in a fenced area, locked container, or that someone reside on the property. If the subject is a manufactured home, course-of-construction insurance must be obtained through a private carrier.
10. The improvements must be constructed according to approved plans. If deviations occur, you must notify the department for approval of the changes.
11. A CLTA Policy of Title Insurance will be required through escrow. The policy must include a CLTA 101 Endorsement (priority endorsement). A CLTA 101.1 endorsement (Mechanics' Lien Endorsement) must be provided upon completion of construction and prior to issuance of the final construction draw.

DO NOT MAKE ANY IMPROVEMENTS OF ANY KIND TO THE PROPERTY PRIOR TO RECORDATION OF THE DEPARTMENT'S LOAN CONTRACT AND THE BUILDING CONSTRUCTION CONTRACT.

IT IS RECOMMENDED THAT YOU CONTACT YOUR LOCAL CAL-VET DISTRICT OFFICE FOR A PREQUALIFICATION PRIOR TO SUBMITTING YOUR CONSTRUCTION LOAN APPLICATION. MAKE ANY CONTRACTS OR SALES AGREEMENTS YOU ENTER INTO SUBJECT TO OBTAINING ADEQUATE FINANCING.

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS
Division of Farm and Home Purchases

CONTRACTOR'S STATEMENT

RE: Veteran Purchaser: _____

Property Address: _____

1. Contractor's Name: _____

2. Company Name: _____

3. Mailing Address: _____

4. Contact Information: Please provide the following so that we can contact you to avoid any delays in issuing draws or arranging for progress reviews

Telephone # during business hours: _____

Mobile telephone and/or pager #: _____

E-mail address: _____

5. California License Number: _____

6. Classifications: _____

7. License Issue Date: _____

8. License Expiration Date: _____

9. Is any investigation or action pending with the Contractors' State Licensing Board?

_____ YES _____ NO (If "YES", attach explanation.)

I certify or declare under penalty of perjury that the foregoing information is true and correct. I agree that this statement will remain the property of the California Department of Veterans Affairs.

Date

Signature of Contractor/Licensee

CONTRACTOR'S COST ESTIMATE (Cal-Vet Home Loans)

Location: _____

Square Footage (home) _____ (Garage) _____

1.	BUILDING PERMIT	\$
2.	WATER METER	\$
3.	EARTH WORK/SITE PREPARATION	\$
4.	TEMPORARY FACILITIES	\$
5.	SEPTIC SYSTEM/SEWER HOOKUP	\$
6.	CONCRETE FORMS/CONCRETE SLAB	\$
7.	LUMBER – ROUGH	\$
8.	LUMBER – FINISH	\$
9.	CARPENTER LABOR – ROUGH	\$
10.	CARPENTER LABOR – FINISH	\$
11.	DOORS & FRAMES	\$
12.	WINDOWS & SCREENS	\$
13.	CABINETS & MILLWORK	\$
14.	HARDWARE – ROUGH	\$
15.	HARDWARE – FINISH	\$
16.	REINFORCING & STRUCTURAL STEEL	\$
17.	PLUMBING – ROUGH	\$
18.	PLUMBING – FINISH	\$
19.	ELECTRICAL – ROUGH	\$
20.	ELECTRICAL – FINISH	\$
21.	ROOF TRUSSES	\$
22.	ROOF COVER	\$
23.	MASONRY WORK	\$
24.	STUCCO, EXTERIOR	\$
25.	SPECIAL EXTERIOR WALL CONSTRUCTION	\$
26.	HEATING, VENTILATING, & AIR CONDITIONING	\$
27.	SHEET METAL & FLASHING	\$
28.	SHEETROCK	\$
29.	INSULATION, SOUNDPROOFING, & WEATHER STRIPPING	\$
30.	TILE WORK	\$
31.	FINISH FLOORING	\$
32.	PAINTING & DECORATING	\$
33.	SHOWER DOORS & MIRRORS	\$
34.	BUILT-IN KITCHEN APPLIANCES	\$
35.	FENCES & RETAINING WALLS	\$
36.	FIREPLACE	\$
37.	WOOD STOVE	\$
38.	GARAGE DOOR & HARDWARE	\$
39.	CLEAN UP	\$
40.	LANDSCAPING	\$
41.	CONCRETE OR ASPHALT PAVING FOR DRIVEWAY	\$
42.	EXTERIOR DECKING	\$
43.	WALKS & PATIOS	\$
44.	INSURANCE	\$
45.	SUPERVISION, GENERAL CONTRACTOR	\$
46.		\$
47.		\$
48.		\$
49.	ARCHITECT'S & ENGINEER'S FEES	\$
50.	OVERHEAD & PROFIT	\$
	TOTAL COST	\$

I certify that the above is, to the best of my knowledge, a true and correct statement of the estimated cost of this work.

Signed: _____ Date: _____

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS

Division of Farm and Home Purchases

DESCRIPTION OF MATERIALS

CONSTRUCTION LOAN

☐ Proposed Construction

Property Address _____ City _____ State: California

Borrower _____

(Name) (Address)

Contractor/Builder _____

(Name) (Address)

INSTRUCTIONS

1. Describe all materials and equipment to be used, whether or not shown on the drawings, by marking an “X” in each appropriate check-box and entering the information called for in each space. If space is inadequate, enter “See misc.” and describe under Item 27 or on an attached sheet.

2. Work not specifically described or shown will not be considered unless required, then the minimum acceptable will be assumed. Work exceeding minimum requirements cannot be considered unless specifically described.

3. Include no alternates, “or equal” phrases, or contradictory items. (Consideration of a request for acceptance of substitute materials or equipment is not thereby precluded).

4. Include signatures required at the end of this form.

5. The construction shall be completed in compliance with the related drawings and specifications, as amended during processing. The specifications include this Description of Materials and the applicable Minimum Property Standards.

I.

HOUSE:

Sq. Ft. _____

No. of Stories _____

No. of Bedrooms _____

No. of Bathrooms _____

☐ Basement

GARAGE:

☐ Attached

☐ Detached

Sq. Ft. _____

☐ Finished

☐ Unfinished

WATER SUPPLY:

☐ Public

☐ Private

WELL:

Productivity _____ g.p.m.

Potability _____

WASTE DISPOSAL SYSTEM:

☐ Public

☐ Private

SITE TOPOGRAPHY:

☐ Level

☐ Slightly Sloping

☐ Steep

II.

FOUNDATION:

☐ Concrete Slab

☐ Concrete Footings & Perimeter Stem Walls

FIREPLACE/WOODSTOVE:

Make _____

Model _____

Hearth Materials _____

SUBFLOOR:

Material _____

Thickness _____

EXTERIOR WALL FRAMING:

☐ 2 X 4

☐ 2 X 6

☐ Plywood Sheathing Shearwall

Other _____

EXTERIOR SIDING/EXTERIOR FINISH MATERIALS:

Front Elevation _____

Rear & Side Elevations _____

Exterior Trim _____

ROOF FRAMING:

☐ Prefabricated Trusses

☐ Site Built Wood Frame

Roof Sheathing:

Material _____

Thickness _____

ROOF COVER:

(Concrete tile, cedar shakes, etc., including grade and weight) _____

Gutter & Downspouts _____

WINDOWS:

Material _____

Make _____

Panes _____

Skylights _____

INSULATION:

Type

R-Value

Floors –

Walls –

Ceilings –

Other –

INTERIOR WALLS:

☐ Textured Drywall

☐ Wood Paneling

☐ Wallpaper

Other _____

Wainscoting _____

(Material) (Rooms) (Wall Height)

INTERIOR CEILINGS:

☐ Textured Drywall

Wood _____

(Rooms)

Exposed Beam _____

(Rooms)

CABINETS & COUNTERTOPS:

<u>Location</u>	<u>Cabinet Material</u> (oak/birch/pine/etc.)	<u>Countertops & Backsplash</u> (formica/tile/etc.)
Kitchen –		
Bath –		
Utility –		
Linen-		
Other –		

DOORS/TRIM/HARDWARE:

Exterior Doors	Entry (Material/Thickness) _____
	Other _____
	Interior Doors (Material/Paint grade, stain grade) _____
	Door Hardware (Make) _____
	Baseboard (Material) _____
	Window Trim (Material) _____
	Additional Interior Wood Features _____ (i.e., stair railings, wainscot, etc.)

FINISH FLOORING (List Material):

Kitchen -	Stairs –
Utility -	Hallway –
Bedrooms -	Master Bath –
Living Room -	Other Baths –
Dining Room -	Other Rooms –
Entry -	Family Room –

PLUMBING FIXTURES:

<u>Fixture</u>	<u>Make</u>	<u>Material</u>	<u># of Fixtures</u>
Kitchen Sink –			
Bath Sink(s) –			
Laundry Sink –			
Water Closets –			
Bathtub(s) –			
Tub Enclosure(s) –			
Pre-fab Shower –			
Shower Door –			
Jacuzzi Tub/Spa –			
Hot Tub –			
Water Heater -	Gallons _____	<input type="checkbox"/> Gas <input type="checkbox"/> Electric <input type="checkbox"/> Heat Pump <input type="checkbox"/> Solar	
Tub or Shower Wall Material			
	Master Bath _____		
	Other Baths _____		

HEATING & COOLING:

Describe both heating and cooling systems (i.e., electric heat pump; propane furnace with duct system and electric cooling; baseboard heat; swamp cooler; wood burning stove; solar; etc.) _____

BUILT-IN APPLIANCES:

<input type="checkbox"/> Dishwasher	<input type="checkbox"/> Disposal	<input type="checkbox"/> Trash Compactor	<input type="checkbox"/> Cooktop Range
<input type="checkbox"/> Oven	<input type="checkbox"/> Microwave	<input type="checkbox"/> Security Alarm	<input type="checkbox"/> Central Vacuum System
<input type="checkbox"/> Range Oven	<input type="checkbox"/> Other _____		

ELECTRICAL:

<input type="checkbox"/> Underground Service	<input type="checkbox"/> Overhead	<input type="checkbox"/> Lighting Fixtures – total # _____
		Allowance: \$ _____

SITE IMPROVEMENTS/LANDSCAPING:

Road/Driveway (Length/Width/Surface Material) _____

Concrete Patios/Walkways _____

Redwood Deck (Dimensions) _____

Retaining Walls (Length/Width/Material) _____

Front Yard Landscaping (Describe) _____

Rear Yard Landscaping (Describe) _____

Automatic Sprinkler System _____

Fences (Linear Ft./Material) _____

Pool _____ ☐ Above Ground ☐ In Ground
(Dimensions)

Other (Describe) _____

DATE _____	BUILDER’S SIGNATURE _____
DATE _____	BORROWER’S SIGNATURE _____
DATE _____	COBORROWER’S SIGNATURE _____

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS

Division of Farm and Home Purchases

SPECIAL NOTICE REGARDING YOUR CAL-VET CONSTRUCTION LOAN APPLICATION

Because Cal-Vet Loans are funded from the sales of tax-exempt bonds, the Cal-Vet loan program is governed by both state and federal laws. Except in certain limited circumstances, Cal-Vet is prohibited from refinancing existing loans on real property. Internal Revenue Service regulations prohibit refinancing except for "construction period loans, bridge loans, or similar temporary initial financing." The regulations define temporary initial financing as "any financing which has a term of twenty-four months or less." The 24 months commences with the stated date of the note and deed of trust and ends with the date the loan is due and payable in full. There must be no provisions for extension or renewal.

The California Department of Veterans Affairs CANNOT AND WILL NOT refinance an existing loan which does not comply with all state and federal regulations.

IF YOU HAVE OR INTEND TO USE TEMPORARY INITIAL FINANCING, SHOW THIS NOTICE TO YOUR LENDER. IT IS YOUR RESPONSIBILITY TO ASSURE THAT YOUR LOAN COMPLIES WITH ALL REGULATIONS.

INFORMATION PRIVACY

The California Information Practices Act of 1977 requires that all applicants be informed of the purposes and uses to be made of information solicited. The following is furnished to explain the reasons why information is requested and the general uses to which that information may be put.

AUTHORITY: The California Department of Veterans Affairs is authorized to request information under the authority of the Military and Veterans Code of the State of California, particularly Section 987.56.

PURPOSE: The information requested is considered relevant and necessary to determine entitlement to and qualification for the benefit for which you are applying.

USES: The information will be used in your best interest in determining eligibility for the maximum benefits allowable by law. There is no presently known or foreseeable interagency or intergovernmental transfer which may be made of the information. However, the information may be transferred to a government entity when required by state or federal law, and certain other disclosures or transfers may be made as permitted by Section 1798.24 of the California Civil Code.

EFFECTS OF NOT PROVIDING INFORMATION: Disclosure of the information is voluntary. No penalty will be imposed for failure to respond. However, your qualifications for the benefit requested must then be made on the basis of the available evidence of record. This may result in a delay in the processing of the application, receipt of less than the maximum benefit, or deferral or complete disallowance of your loan request. Failure to provide information in connection with the benefit currently being sought will have no detrimental effect on any other benefit to which you are entitled.

RIGHT OF REVIEW: Individuals have the right of access to records containing personal information on them at all times during regular office hours of the department.

DEPARTMENT OFFICIAL RESPONSIBLE FOR MAINTENANCE OF INFORMATION: Cal-Vet Headquarters
Operations Manager